

Message Text

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DRAFTED BY OSD/ISA - COL. DINGES:CEJ

APPROVED BY NEA/ARP:FMDICKMAN

EB - MR. BILLER

TREASURY - MR. BRADFIELD

COMMERCE - MR. HOSTLER (INFO)

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FM SECSTATE WASHDC

TO USDEL RIYADH IMMEDIATE

INFO AMEMBASSY JIDDA IMMEDIATE

SECDEF

CORPS OF ENGINEERS WASHDC

C O N F I D E N T I A L STATE 202489

E.O. 11652: GDS

SUBJECT: REQUEST FOR CORPS OF ENGINEERS ASSISTANCE IN
DEVELOPING SAUDI INFRASTRUCTURE
FOR AMBASSADOR AND TREAS ASST SEC PARSKY

1. AS YOU KNOW, THE SAUDIS WOULD LIKE TO HAVE THE
ASSISTANCE OF THE US ARMY CORPS OF ENGINEERS (CE) IN THE
DEVELOPMENT OF SAUDI ARABIA'S INFRASTRUCTURE WITHIN THE
CONTEXT OF A PROGRAM OF INDUSTRIALIZATION. IT IS OUR
UNDERSTANDING HERE THAT THIS WOULD REQUIRE THAT CE BE
RESPONSIBLE FOR THE DESIGN AND CONSTRUCTION SUPERVISION
OF INDUSTRIAL PARKS, I.E., ROADS, UTILITIES, POWER
PLANTS, AND DISPENSARIES OR EVEN A HOSPITAL. INFRA-
STRUCTURE COULD ALSO INCLUDE THE CONSTRUCTION OF A PORT
AND ITS TERMINAL FACILITIES.

2. WHAT IS LESS CLEAR IS WHETHER OR NOT THE SAUDIS ARE
EXPECTING THAT CE BECOME INVOLVED IN THE CONSTRUCTION OF
INDUSTRIAL FACILITIES ASSOCIATED WITH SUCH INFRASTRUCTURE
(REFINERIES, PETRO-CHEMICAL PLANTS, ETC.).

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3. IN ORDER FOR DOD TO CONSIDER THE REQUEST, IT WOULD BE HELPFUL TO HAVE A MORE PRECISE DEFINITION OF THE NATURE, SCOPE AND RANGE OF PROJECTS WITH WHICH SAG WOULD LIKE CE ASSISTANCE WITHIN THE CONTEXT OF INFRASTRUCTURE. WE ARE

ASSUMING OF COURSE THAT ALL COSTS TO THE USG WILL BE PAID BY SAG. ACCORDINGLY, CORPS OF ENGINEERS HAS ASKED IF YOU COULD OBTAIN ANSWERS TO THE EXTENT POSSIBLE AT THIS EARLY STAGE, TO THE FOLLOWING QUESTIONS:

(A) WILL THE INDUSTRIALIZATION PROGRAM BE UNDERTAKEN ON AN INDIVIDUAL PROJECT BASIS, IN PHASES, OR AS A TOTAL PROGRAM?

(B) IF THE INDUSTRIALIZATION PROGRAM IS TO BE UNDERTAKEN IN PHASES, WHAT ARE THE PROJECTS AND THEIR SCOPE TO BE COMPLETED IN EACH PHASE?

(C) WHAT IS YOUR ESTIMATE AS TO THE DURATION AND THE SCHEDULING OF THE INDUSTRIALIZATION PROGRAM?

(D) COULD YOU DEFINE MORE PRECISELY THE ROLE THE CORPS OF ENGINEERS WOULD BE EXPECTED TO PLAY IN ASSISTING SAG TO DEVELOP ITS INFRASTRUCTURE WITHIN THE CONTEXT OF THE INDUSTRIALIZATION PROGRAM.

(E) IN THIS CONNECTION, WOULD THE SAUDI ARABIAN GOVERNMENT AWARD CONTRACTS FOR THE CONSTRUCTION OF INDUSTRIAL FACILITIES, I.E., REFINERIES, PETRO-CHEMICAL PLANTS, ETC., ASSOCIATED WITH THE INFRASTRUCTURE, ON A TURN-KEY BASIS WITH PRIVATE CONSTRUCTION FIRMS?

(F) WOULD THE GOVERNMENT OF SAUDI ARABIA ENTER INTO A SEPARATE GOVERNMENT-TO-GOVERNMENT AGREEMENT, SIMILAR TO THE DIPLOMATIC EXCHANGE OF NOTES DATED 24 MAY AND 5 JUNE 1965 FOR THE ENGINEER ASSISTANCE PROGRAM, TO COVER THE INDUSTRIALIZATION PROGRAM?

(G) HOW WILL THE NECESSARY FUNDS BE MADE AVAILABLE?

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(H) WHICH GOVERNMENT MINISTRY WILL BE THE POINT OF CONTACT FOR THE INDUSTRIALIZATION PROGRAM?

(I) WILL THE GOVERNMENT OF SAUDI ARABIA CHARGE CUSTOMS DUTIES ON INDUSTRIALIZATION PROGRAM MATERIALS ENTERING THE COUNTRY?

4. FYI: FOLLOWING IS TEXT OF LETTER DATED SEPT 13 FROM

SECRETARY SCHLESINGER TO SECRETARY SIMON RE CE ACTIVITIES
IN SAUDI ARABIA.

QTE: DEAR BILL: I WAS PLEASED TO RECEIVE CONFIRMATION
IN YOUR LETTER OF 21 AUGUST THAT THE ARMY'S CORPS OF
ENGINEERS CONTINUES TO HAVE THE CONFIDENCE OF THE
SAUDIS. WE ARE LOOKING INTO YOUR REQUEST THAT THE CORPS
OF ENGINEERS ASSIST SAUDI ARABIA IN THE DEVELOPMENT OF
ITS INFRASTRUCTURE AS THE SAUDIS HAVE ASKED.

EXPANSION OF THE CORPS OF ENGINEERS' ROLE IN SAUDI ARABIA
WOULD BUILD SAUDI CONFIDENCE AND GOOD WILL TOWARD THE
U.S. AND WOULD SIGNIFICANTLY SUPPORT OUR OVERALL RE-
LATIONSHIP.

MR. JAMES H. NOYES, DEPUTY ASSISTANT SECRETARY OF
DEFENSE FOR NEAR EASTERN, AFRICAN, AND SOUTH ASIAN
AFFAIRS (ISA), WILL BE THE POINT OF CONTACT ON THIS
MATTER FOR THE DEFENSE DEPARTMENT. YOU MAY WISH TO
DESIGNATE A POINT OF CONTACT FOR TREASURY. SINCERELY,
UNQTE. END FYI. KISSINGER

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